

Line 15a - Taxable Interest Income - continued

- a Better Life Experience Program (ABLE) accounts
- Distributions from Coverdell education savings accounts (ESAs), but only the earnings portion
- Checking accounts
- Bonds and notes
- Certificates of deposit
- Ginnie Maes
- Fannie Maes
- Freddie Macs
- Repurchase agreements
- Life insurance dividends
- Obligations of states and their political subdivisions, other than New Jersey
- Any other interest not specifically exempt

If the amount on Line 15a is more than \$1,500, enclose a copy of Schedule B, Federal Form 1040 or 1040A.

Interest to be Reported on Other Lines.

If you received interest that was earned and paid to a sole proprietorship, a partnership, an S corporation, or an estate or trust, do not include the interest on Line 15a. Your portion of the interest from these sources will be included as follows:

- *Sole proprietorship:* Schedule NJ-BUS-1, Part I
- *Partnership:* Schedule NJ-BUS-1, Part II
- *S Corporation:* Schedule NJ-BUS-1, Part III
- *Estate or Trust:* Form NJ-1040, Line 25 (Grantor Trusts, see the instructions for Line 25)

NOTE: If you received a Form 1099 from a partnership or an S corporation for interest paid or deemed to have been paid to you, you must include that interest on Line 15a.

For more information on reporting partnership or S corporation income, see Tax

Topic Bulletins GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*.

Forfeiture Penalty for Early Withdrawal. If you incur a penalty by withdrawing a time deposit early, you may subtract the amount of the penalty from your interest income.

Line 15b - Tax-Exempt Interest Income

Enter all of your tax-exempt interest, including exempt interest dividends from a New Jersey Qualified Investment Fund. **If Line 15b is more than \$10,000, you must enclose a listing of the amount received from each source.**

Do not include interest earned on your IRA(s) on Line 15b. If you made a withdrawal from your IRA, see the instructions for Line 19a and Line 19b.

New Jersey tax-exempt interest income includes interest from:

Sample W-2 (This form is for illustration only and is not reproducible.)

22222		Void <input type="checkbox"/>	a Employee's social security number		For Official Use Only ▶ OMB No. 1545-0008		
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld		
d Control Number			5 Medical insurance and tips		6 Medicare tax withheld		
			7 Social Security tips		8 Allocated tips		
e Employee's name and address (Last name, first name, middle initial, street address, city, state, ZIP code)			9 Other compensation		10 Dependent care benefits		
f Employee's address and ZIP code			11 Non-qualified plans		12a See instructions for box 12		
			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b		
15 State Employer's state ID number NJ 234-567-890/000			14 Other UI/WF/SWF - \$138.56 DI - \$65.20 DI P.P. #(Private Plan No.)		12c		
					12d		
16 State wages, tips, etc. 42,250.00		17 State income tax 525.00		18 Local wages, tips, etc.		19 Local income tax	
FLI P.P. # (Private Plan No.)		26.08 - FLI		20 Locality name			

Line 15b - Tax-Exempt Interest Income - continued

- ♦ Obligations of the State of New Jersey or any of its political subdivisions
- ♦ Direct Federal obligations such as U.S. Savings Bonds and Treasury Bills, Notes, and Bonds
- ♦ Earnings on qualified distributions from qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust Program (NJBEST) accounts
- ♦ Earnings on qualified distributions from qualified state 529A Achieving a Better Life Experience Program (ABLE) accounts
- ♦ Sallie Maes
- ♦ CATS
- ♦ TIGRs
- ♦ Certain distributions from “New Jersey Qualified Investment Funds”
- ♦ Distributions paid by mutual funds to the extent the distributions are attributable to interest earned on Federal obligations

When you total your interest income on Lines 15a and 15b, the amount should match the total of the taxable and tax-exempt interest you reported on your Federal return (if you filed a Federal 1040). If the amounts do not match, enclose a statement explaining the difference.

New Jersey Qualified Investment

Funds. A New Jersey Qualified Investment Fund is a regulated investment company in which at least 80% of the fund’s investments (other than cash or receivables) are obligations issued either directly by the Federal government or the State of New Jersey or any of its political subdivisions. The Fund must complete and keep Form IF-1, Certification of Qualified Investment Fund, to document its status. This certification does not need to be filed with the Division of Taxation but must be made available upon request.

If you received a distribution from a qualified investment fund, you may exclude from your income only the portion of the distribution that comes from qualified exempt obligations. Even though the tax-exempt portion is excluded from income, you must still report it on Line 15b.

Report any taxable portion as dividends on Line 16. By February 15, shareholders should be notified by the New Jersey qualified investment fund of the portion of their distribution that may be excluded from income. Contact your broker to determine whether your fund qualifies.

For more information on tax-exempt interest income, see Tax Topic Bulletin GIT-5, *Exempt Obligations*.

Line 16 - Dividends

Enter the dividends you received during the year from investments (e.g., from stocks, mutual funds) or other income-producing activities that do not constitute a trade or business. The total taxable dividends received, **regardless of where earned**, must be reported.

Dividends to be Reported on Other Lines.

If you received dividends that were earned and paid to a sole proprietorship, a partnership, an S corporation, or an estate or trust, do not include the dividends on Line 16. Your portion of the dividends from these sources will be included as follows:

- ♦ *Sole proprietorship:* Schedule NJ-BUS-1, Part I
- ♦ *Partnership:* Schedule NJ-BUS-1, Part II
- ♦ *S Corporation:* Schedule NJ-BUS-1, Part III
- ♦ *Estate or Trust:* Form NJ-1040, Line 25 (Grantor Trusts, see the instructions for Line 25)

For more information on reporting partnership or S corporation income, see Tax Topic Bulletins GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*.

Capital Gains Distributions. Do not report capital gains distributions you received from mutual funds or other regulated investment companies on this line. This income is reported on Line 2, Schedule B (see page 45).

Tax-Free Distributions. A distribution that is a return of your investment or capital and does not come from earnings or

profits is a nontaxable capital or tax-free distribution. These distributions reduce the basis of the stock or investment and are not taxable until your investment is fully recovered.

Insurance Premiums. Dividends you received from insurance companies are not taxable unless the amount you received is more than the premiums paid. Any interest from accumulated insurance dividends is taxable, and you must report it on Line 15a.

Line 17 - Net Profits From Business


Complete Part I of Schedule NJ-BUS-1, Business Income Summary Schedule, and enter on Line 17 the amount from Line 4 of Part I. **If the amount on Line 4 is a loss, make no entry on Line 17.** Enclose Schedule NJ-BUS-1 and a copy of the Federal Schedule C (or C-EZ or F) for each business with your return (see page 45).

Line 18 - Net Gains or Income From Disposition of Property

Enter your net gains from New Jersey Schedule B, Line 4. **If the amount on Line 4 is zero, make no entry on Line 18.** Enclose Schedule B with your return (see page 44).

Line 19a - Pensions, Annuities, and IRA Withdrawals

Pensions, annuities, and certain IRA withdrawals are taxable and must be reported on Line 19a. The New Jersey taxable amount may be different from the Federal amount.

TAX TIP  If you (and/or your spouse if filing jointly) were 62 or older or disabled, you may be able to use the exclusions on Lines 27a and 27b to reduce your income. (See instructions on page 26.)

All state and local government, teachers’, and Federal pensions, and Keogh Plans are treated the same way as pensions from the private sector. Amounts received as